

AS

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 98-090-C - ORDER NO. 98-506

JULY 6, 1998

IN RE: Application of SCSI, Inc. for a Certificate of)	ORDER
Public Convenience and Necessity to Operate)	APPROVING
as a Reseller of Interexchange)	CERTIFICATE
Telecommunications Services within the State)	
of South Carolina and for Alternative)	
Regulatory Treatment.)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of SCSI, Inc.. ("SCSI" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of intrastate interexchange telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1997) and the Regulations of the Public Service Commission of South Carolina. By its Application, SCSI also requested alternative regulation of its business services offerings identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

The Commission's Executive Director instructed SCSI to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of SCSI's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. SCSI complied with this instruction and provided the Commission with

proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

SCSI filed a Motion for Expedited Review of Application. By its Motion, SCSI requested that the Commission grant expedited review of its application and waive the requirement of a formal hearing on the application. In support of its Motion, SCSI offered that it had published the Notice of Filing, that no comments or Petitions to Intervene were filed regarding the application, and that the Commission had previously granted SCSI a Certificate of Public Convenience and Necessity to provide local telecommunications services in South Carolina (Docket No. 97-397-C, Order No. 98-70 dated February 3, 1998). SCSI further stated that it waives its right to a formal hearing on the application and stated that the Commission has the discretion under S.C. Code Ann. Section 58-9-280(A) to consider the application without a hearing. In support of the Motion and for consideration of the application, SCSI filed the verified testimony of Brian Connelly, President of SCSI.

Upon consideration of SCSI's Motion, the Commission finds and concludes that the Motion for Expedited Review should be granted. The Commission finds that a waiver of the formal hearing is in the public interest and will therefore consider the application without the necessity of a formal hearing. The Commission also notes that it recently granted a Certificate of Public Convenience and Necessity to SCSI allowing SCSI to provide local telecommunications services within South Carolina and notes that the same witness would testify at a hearing on the instant application and would provide

essentially the same information regarding the ability of SCSI to provide the requested services.

The verified testimony submitted by Brian Connelly, President of SCSI, reveals that SCSI seeks to operate as a reseller of interexchange telecommunications services in equal access and seeks to provide switchless interexchange telecommunications services from points of origin within the State of South Carolina to points of termination within South Carolina, other parts of the United States, and foreign countries.

Mr. Connelly stated that SCSI will base its decisions regarding use of underlying carriers upon SCSI's analysis of facility cost, suitability, and quality of service. Mr. Connelly further stated that SCSI will only utilize carriers properly certified by the Commission to provide service in South Carolina. According to the verified testimony, SCSI will provide and market its services in accordance with current Commission policies, and SCSI will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders. Mr. Connelly also stated that SCSI will provide interstate services in compliance with all FCC rules and regulations.

Mr. Connelly also discussed SCSI's technical, financial, and managerial resources to provide the services for which it seeks authority to provide. Mr. Connelly offered that the management personnel of SCSI has considerable experience in management, marketing, network operations, customer service, and financial and accounting issues. Regarding its financial ability, Mr. Connelly stated that he is the sole shareholder of SCSI and that SCSI will be capitalized by him.

Mr. Connelly also offered that approval of SCSi's application would serve the public interest by creating greater competition in the interexchange marketplace and that approval would provide consumers with a greater choice of billing options and long distance services for intrastate calls thereby promoting efficient use of the underlying networks.

After full consideration of the applicable law, the Company's Motion for Expedited Review, the Company's Application, and the verified testimony of Mr. Connelly, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. SCSi is organized as a corporation under the laws of the State of South Carolina and its Articles of Incorporation are filed with the Secretary of State of South Carolina.
2. SCSi operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.
3. SCSi has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to SCSi to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate

Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for SCSI for its resale of residential services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. SCSI shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. SCSI shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1997).

4. With respect to SCSi's business service offerings including credit card services, operator services, and customer network offerings, the Commission adopts a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to SCSi also. Staff is instructed to monitor SCSi using the same monitoring process and techniques as are used to monitor AT&T.

5. If it has not already done so by the date of issuance of this Order, SCSi shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

6. SCSi is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

7. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. SCSI shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If SCSI changes underlying carriers, it shall notify the Commission in writing.

9. With regard to the origination and termination of toll calls within the same LATA, SCSI shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

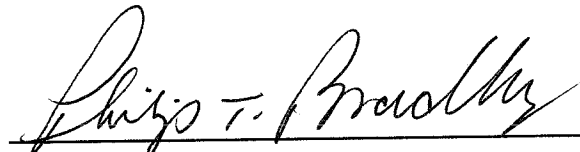
10. SCSI shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

11. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. SCSI shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

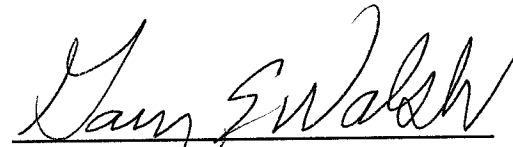
12. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Acting Executive Director

(SEAL)

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S**

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

DOCKET NO. 98-090-C - ORDER NO. 98-506
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ATTACHMENT B

**INFORMATION OF THE AUTHORIZED UTILITY
REPRESENTATIVES FOR INTEREXCHANGE, LOCAL
AND AOS COMPANIES**

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and maintain with the Commission
the name, title, address, and telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by

Signature

If you have any questions, contact the Consumer Services Department at 803-737-5230